

Amendments to Senate Bill No. 562
1st Reading Copy

For the Senate Taxation Committee

Prepared by Lee Heiman
March 30, 2007 (2:35pm)

1. Title, line 11.

Strike: "THAT" through "FACILITIES;"

Insert: "CLASSIFYING CERTAIN NEW TRANSMISSION LINES AND CARBON
DIOXIDE CAPTURE EQUIPMENT AS CLASS 5 PROPERTY;"

2. Title, line 14 through line 15.

Strike: "ESTABLISHING" on line 14 through "PROPERTY;" on line 15

3. Page 2, line 1 through line 5.

Strike: line 1 through line 5 in their entirety

Insert: "WHEREAS, the development of certain types of energy is
more costly than the development of traditional energy
resources; and

WHEREAS, in order to make certain types of energy
development cost-effective, it is necessary to provide
appropriate tax rates; and

WHEREAS, Montana should encourage the construction of new
transmission facilities that will enable the development of
renewable resources; and

WHEREAS, the production of energy from coal produces carbon
dioxide; and

WHEREAS, it is desirable to reduce emissions of carbon
dioxide for the production of energy from coal; and

WHEREAS, it is more costly to capture, transport, or
sequester carbon dioxide than to vent it; and

WHEREAS, Montana citizens understand the need for research
into clean energy and new technologies prior to their commercial
development; and"

4. Page 2, line 18.

Strike: "5"

Insert: "4"

5. Page 3, line 6.

Following: "fuel"

Insert: "or chemicals"

Following: "and"

Insert: "the"

6. Page 3.

Following: line 6

Insert: "(8) "Clean advanced coal research and development

equipment" means equipment used primarily for research and development of emerging methods for pollution control, carbon capture, and carbon sequestration. The term includes equipment used for research and development of effective and efficient removal of various pollutants and the capture, storage, transportation, compression, and injection of carbon dioxide from coal combustion utility and industrial facilities and advanced coal conversion facilities."

Renumber: subsequent subsections

7. Page 3, line 7.

Strike: "primarily"

8. Page 3, line 8.

Following: "monoxide"

Strike: "and"

Insert: ", "

Following: "hydrogen"

Insert: ", and other gasses"

9. Page 3, line 9.

Following: "reducing"

Strike: ", "

10. Page 3, line 10.

Strike: "oxygen-starved"

11. Page 3, line 13.

Following: "fuel"

Insert: "or chemicals"

Strike: "both"

Insert: "any combination of those things"

12. Page 3, line 18.

Strike: "(10)(a)"

Insert: "(11)(a)"

13. Page 4, line 1 through line 2.

Strike: "constructed" on line 1 through "2007," on line 2

14. Page 4, line 8.

Strike: "means"

Insert: "includes"

15. Page 4, line 21.

Strike: "(17)(a)"

Insert: "(18)(a)"

16. Page 4, line 23.

Strike: "85%"

Insert: "50%"

17. Page 4, line 29.

Following: "(3)"

Insert: ", clean advanced coal research and development equipment,"

18. Page 5, line 4.

Strike: "The"

Insert: "Subject to subsection (4), the"

19. Page 5, line 5.

Strike: "5"

Insert: "4"

20. Page 5, line 14.

Following: the first "equipment"

Insert: "and clean advanced coal research and development equipment"

21. Page 5, line 15.

Following: "\$150,000"

Insert: "but is not more than \$1 million"

22. Page 5, line 17.

Strike: "5"

Insert: "4"

Following: "5],"

Strike: "the"

Insert: "a"

Following: "facility"

Insert: "listed in subsection (3)"

23. Page 5, line 21.

Strike: "5"

Insert: "4"

24. Page 5, line 22.

Following: "equipment"

Insert: "and clean advanced coal research and development equipment"

25. Page 5, line 23.

Following: "equipment"

Insert: "and clean advanced coal research and development equipment"

26. Page 5, lines 27 and 28.

Following: "means" on line 27

Insert: "the construction period and"

Strike: "is" on line 27 through "3]" on line 28

Insert: "commences operation or the research and development equipment or clean advanced coal research and development equipment is purchased. The total time of the qualifying period may not exceed 14 years"

27. Page 6, line 4.

Strike: "within 60"

Insert: "at least 90"

28. Page 6, line 5.

Following: "equipment"

Insert: "and clean advanced coal research and development equipment"

Strike: "within 60"

Insert: "at least 90"

29. Page 6, line 11.

Strike: "manufactured"

Insert: "purchased"

30. Page 6, line 15.

Following: "certification"

Insert: "under [sections 1 through 4]"

31. Page 6, line 23.

Strike: "or the department of revenue"

Following: "determines"

Insert: ", after notice and opportunity for a hearing,"

32. Page 6, line 24.

Strike: "5"

Insert: "4"

Strike: "either"

Insert: "the"

33. Page 6, line 25 through line 27.

Strike: "If" on line 25 through "days." on line 27

Insert: "The department of environmental quality shall consult with the department of revenue and other appropriate agencies prior to commencing the revocation procedures. If a certification is revoked, the department of environmental qualify shall notify the department of revenue within 30 days."

34. Page 7, line 3.

Strike: "5"

Insert: "4"

35. Page 7, line 5.

Following: "to"

Insert: "the review procedures in 15-1-211 and to"

36. Page 7, line 7 through line 22.

Strike: section 4 in its entirety

Renumber: subsequent sections

37. Page 7, line 26.

Strike: "5"

Insert: "4"

38. Page 7, line 27.

Strike: "property tax abatement"

Insert: "certification"

Strike: "[sections 3 and 4]"

Insert: "[section 3]"

39. Page 7, line 29 through line 30.

Strike: "[sections" on line 29 through "4]" on line 30

Insert: "[section 3]"

40. Page 8, line 25.

Following: "facility"

Insert: ", "

Following: "1]"

Insert: ", that sequesters carbon dioxide"

41. Page 8, line 26.

Strike: "._"

Insert: ";

(p) all property of a natural gas combined cycle facility;
(q) high-voltage direct-current transmission lines and associated equipment and structures, including converter stations and interconnections:

(i) that provide access to energy markets for new Montana electrical generation facilities certified under [sections 1 through 4];

(ii) that have at least 100 miles of transmission line with at least 1 converter station in Montana or \$250 million in investment;

(iii) that have one or more converter stations in Montana to provide direct-current transmission line access for the output of new electrical generation facilities in Montana certified under [sections 1 through 4];

(iv) that are certified as environmentally acceptable under Montana's Major Facility Siting Act;

(v) for which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), will be paid

during the construction phase;

(r) equipment that is used to capture and to prepare for transport carbon dioxide that will be sequestered or injected for the purpose of enhancing the recovery of oil and gas and that is installed in a facility constructed before July 1, 2007."

42. Page 8, line 27.

Strike: "(i)"

43. Page 9, line 2.

Following: "~~section.~~"

Insert: "Reduction in pollutants obtained through operational techniques without specific facilities, machinery, devices, or equipment is not eligible for certification under this section."

44. Page 9, line 3 through line 4.

Strike: subsection (ii) in its entirety

45. Page 9, line 8 through line 9.

Strike: "Reduction" on line 8 through "(2) (b)." on line 9

46. Page 9.

Following: line 20

Insert: "(3) 'Natural gas combined cycle facility' means an electrical generation facility constructed after June 30, 2007, that uses a natural gas combustion turbine to generate electricity and capture waste heat from the combustion turbine to drive a steam turbine to produce more electricity."

Renumber: subsequent subsections

47. Page 9, line 26.

Strike: "(4) (b) (v) "

Insert: "(5) (b) (v) "

48. Page 10.

Following: line 13

Insert: "(6) (a) The department of environmental quality shall certify that a transmission line meets the criteria of subsection (1)(q) based on an application provided for in [section 3]. The department of environmental quality shall review the certification 10 years after the line is operational, and if the property no longer meets the requirements of subsection (1)(q), the certification may be revoked.

(b) If the department of environmental quality finds that a certification previously granted was based on an application that the applicant knew was false or fraudulent, the department of

environmental quality shall notify the department of revenue and the property must be placed in class nine under 15-6-141. If the application was fraudulent, the applicant may be liable for additional taxes from the time the certification was in effect."

49. Page 10, line 14.

Strike: "Except as provided in [section 2], class"

Insert: "Class"

50. Page 11, line 7.

Following: "sections"

Strike: "through 11"

Insert: "8 and"

51. Page 11, line 9.

Strike: "12"

Insert: "10"

52. Page 11.

Following: line 9

Insert: "(v) high-voltage direct-current transmission lines
classified under 15-6-135;"

Renumber: subsequent subsections

53. Page 11, line 21.

Following: "facilities,"

Insert: "natural gas combined cycle facilities,"

54. Page 11, line 24.

Following: "facilities,"

Insert: "natural gas combined cycle facilities,"

55. Page 11, line 28.

Following: "facilities,"

Insert: "natural gas combined cycle facilities,"

56. Page 12, line 9.

Strike: "and"

57. Page 12, line 10.

Following: "15-6-225"

Insert: "; and

(h) coal gasification facilities, as defined in [section 1], that do not sequester carbon dioxide"

58. Page 12, line 25 through line 26.

Strike: "that has" on line 25 through "capacity" on line 26

Insert: "upon which at least half the firm transfer capacity was reserved in an open season conducted in accordance with the requirements of the federal energy regulatory commission"

59. Page 12, line 30.

Strike: "5"

Insert: "4"

60. Page 13, line 5.

Following: "15-6-157"

Insert: ", a natural gas combined cycle facility as defined in
15-6-135,"

61. Page 13, line 8.

Strike: "30"

Insert: "1"

62. Page 13, line 9.

Following: "June"

Strike: "30"

Insert: "1"

63. Page 13, line 10.

Strike: "13"

Insert: "11"

64. Page 13, line 13.

Strike: "9%"

Insert: "3%"

65. Page 13, line 15 through page 14, line 4.

Strike: section 10 in its entirety

66. Page 14, line 6.

Strike: "seventeen"

Insert: "sixteen"

67. Page 14, line 7.

Strike: "seventeen"

Insert: "sixteen"

68. Page 14, line 15.

Strike: "5"

Insert: "4"

69. Page 14, line 20.

Strike: "and"

Insert: ", "

70. Page 14, line 21.

Following: "facility"

Insert: ", and a natural gas combined cycle facility as defined
in 15-6-135"

71. Page 14, line 24.

Strike: "13"

Insert: "11"

72. Page 14, line 28.

Strike: "13"

Insert: "11"

73. Page 14, line 29.

Strike: "seventeen"

Insert: "sixteen"

74. Page 15, line 2.

Strike: "seventeen"

Insert: "sixteen"

75. Page 15, line 4.

Strike: "eighteen"

Insert: "seventeen"

76. Page 15, line 5.

Strike: "eighteen"

Insert: "seventeen"

77. Page 15, line 7.

Strike: "13"

Insert: "11"

78. Page 15, line 9.

Strike: "13"

Insert: "11"

79. Page 15, line 23.

Following: "dioxide"

Insert: "from a carbon dioxide sequestration pipeline"

80. Page 16, line 1.

Strike: "eighteen"

Insert: "seventeen"

81. Page 16, line 4.

Strike: "eighteen"
Insert: "seventeen"

82. Page 16, line 8.
Following: "fifteen"
Strike: ", "
Insert: "or"
Strike: ", or class seventeen"

83. Page 16, line 19.
Following: "certification"
Insert: ", as provided in [section 9], "

84. Page 16.
Following: line 19
Insert: "(vi) documentation of the federal energy regulatory commission's findings on the taxpayer's open season process;"
Renumber: subsequent subsection

85. Page 16, line 23.
Following: the first "the"
Insert: "approximate"
Following: ", and"
Insert: "likely"

86. Page 16, lines 25 and 26.
Following: "(iii)" on line 25
Insert: "the results of the open season conducted in accordance with the requirements of the federal energy regulatory commission, showing that at least one-half of the transfer capacity of the transmission line was reserved for transmitting power, or"
Strike: "the transmission" on line 25 through "or" on line 26
Insert: "an"

87. Page 17, line 5 through page 18, line 2.
Strike: subsection (5) through subsection (7)(b) in their entirety

88. Page 18.
Following: line 4
Insert: "(5) If the department of environmental quality determines, after a contested case hearing, that it granted an application for certification under this section based upon a fraudulent application, it shall revoke its certification and the transmission line must be classified as class nine property under 15-6-141. For each year in which the transmission line would have been classified as

class nine property if it were not for the fraudulent application, the taxpayer is liable for the additional property taxes that would have been levied under a class nine classification.

(6) Ten years after a transmission line certified as class fifteen property under this section has been in service and for each succeeding 10 years after that time, the owner of the line shall reestablish that at least one-half of the firm transfer capacity of the line has been reserved for transmitting power from a qualified green facility. Contract-based reservations must be used as the basis for the reestablishment. If it cannot be established that at least one-half of the firm transfer capacity of the line has been reserved for transmitting power from a qualified green facility, the certification previously granted under this section terminates and the transmission line must be classified in succeeding tax years as class nine property under 15-6-141."

Renumber: subsequent subsections

89. Page 18, line 3.

Strike: "(c)"

Insert: "(7)"

90. Page 18, line 10.

Strike: "eighteen"

Insert: "seventeen"

91. Page 18, line 21.

Following: "certification"

Insert: "under [section 10]"

92. Page 19, line 7.

Strike: "or the department of revenue"

Following: "determines"

Insert: ", after notice and opportunity for a hearing,"

93. Page 19, line 9 through line 11.

Strike: "If" on line 9 through "days." on line 11

Insert: "The department of environmental quality shall consult with the department of revenue and other appropriate agencies prior to commencing the revocation procedures. If a certification is revoked, the department of environmental quality shall notify the department of revenue within 30 days."

94. Page 19, line 17 through page 20, line 24.

Strike: section 15 in its entirety

Renumber: subsequent sections

95. Page 20, line 29 through line 30.

Strike: "The" on line 29 through "operation" on line 30

96. Page 21, line 3.

Strike: "13(4)"

Insert: "11(5)"

97. Page 21, line 5.

Strike: "9 through 15"

Insert: "8 through 12"

98. Page 21, line 6.

Strike: "13 through 15"

Insert: "11 and 12"

99. Page 21, line 8.

Strike: "13(5)"

Insert: "11(5)"

100. Page 21, line 12 through line 13.

Strike: "the practicable" on line 12 through "operation" on line 13

Insert: "requirements for enhanced oil recovery projects that are anticipated to eventually convert to carbon dioxide sequestration projects"

101. Page 22, line 13.

Following: "gallon for"

Insert: "city or"

102. Page 27, line 23.

Strike: "5"

Insert: "4"

103. Page 27, line 25.

Strike: "5"

Insert: "4"

104. Page 27, line 26.

Strike: "9 through 16"

Insert: "8 through 13"

105. Page 27, line 27.

Strike: "9 through 16"

Insert: "8 through 13"

106. Page 28, line 5.

Strike: "18"

Insert: "15"

107. Page 28, line 9.

Strike: "17"

Insert: "14"

108. Page 28, line 11.

Strike: "18"

Insert: "15"

- END -